



<b>INSIDE THIS EDITION:</b>	Letter from the President	1
	Grantmakers Roundup	2
	Interesting Reading	3
	PFC Family News and Events	5
	Other News, Events and Resources	6

## LETTER FROM THE PRESIDENT

The spring weather continues to improve across the country and the floods have receded, while the financial markets have bounced slightly up. So it seems there is a new mood of hope in the foundation community. But I am also hearing voices of realism and caution, as grantmakers continue to cope with the implications of reduced endowment values.

In this environment, there is high value in the timely sharing of information and ideas with peers. This value has been proven repeatedly in the last few weeks. I listened in on an open telephone forum of U.S. foundation leaders organized by the Council on Foundations in mid-April. Foundation voices on that call agreed that grantmakers need to be “ruthlessly resourceful” in the downturn, seeking out grantees as partners and having open conversations about what is needed and what is not needed so much at this time.

Similar views were expressed during PFC’s own open telephone forum among members, held on April 21 and moderated by Peter Warrian (notes of this forum are posted in the Members’ Area of our web site). During the April 21 forum, many good ideas were shared among Canadian grantmakers about how to communicate with grantees and communities about their choices and actions (especially if they involve reducing commitments). Foundations told stories and discussed options for support to grantees in lieu of grants including: offering counsel and advice in fundraising to compensate for decreased funds; considering alternate forms of funding support including loans; sharing office space and equipment; conducting workshops in the community; surveying grantees on what alternate types of support they would find helpful. This open forum proved to be of sufficient interest that PFC will organize another such opportunity for members in the next quarter.

As we look ahead, we see more opportunities coming up for meeting and sharing of ideas. A number of philanthropy conferences take place this month which you can easily access if not attend through blogs and other social media coverage (see last page of the newsletter for details). PFC’s own face-to-face opportunity for peer conversation comes up on June 10 in Toronto with our 2009 Annual General Meeting (see later in newsletter for registration). We hope to see many members there. And of course the 2009 PFC Conference in Calgary in October will be a key event to attend in person (see details re registration on our [conference site](#)).



# e-newsletter

In hard times, the worst strategy is one of isolation. Together, communities are creative while alone, individuals suffer silently. Make your plans to turn out, talk to your colleagues and use this exchange to get the energy and ideas to tackle the community's challenges together.

See you on June 10th in Toronto!

A handwritten signature in blue ink that reads 'Hilary Pearson'.

Hilary Pearson  
[hpearson@pfc.ca](mailto:hpearson@pfc.ca)

## GRANTMAKERS ROUNDUP

### Responding To The Downturn: What Are Foundations Doing?

The Foundation Center in the United States has released more information from its early 2009 survey of 1,200 foundations in the U.S. which provides some preliminary indication of how grantmaking may change in the remainder of 2009 and in 2010. Highlights are summarized below and on the page [Foundations Address The Impact of the Economic Crisis](#).

Organizations seeking new grants or newly-established charities are going to have a more difficult time accessing foundation support. Forty-three percent of surveyed foundations expect to reduce the overall number of grantees they fund in 2009 and 46 percent anticipate decreasing the number of new grantees they will fund. Organizations in need of capital support will also be particularly hard hit, with 37% of foundation respondents reporting that they will reduce the amount of capital support they provide. Close to two-thirds of foundation respondents (63 percent) expect to reduce the number of grants they will award in 2009 and/or the size of their grants. A substantial share also anticipate reducing the number of multi-year grants (44 percent).

The one source of possible optimism for grantees in both the near and long term is that the vast majority of respondents (80 percent) expect to maintain their current number of program areas. Likewise, all but about 6 percent of respondents expect to maintain or increase the geographic areas they target.

Fourteen percent of respondents indicated that they are launching a special initiative, making exceptional grants, or offering loans and other program-related investments (PRIs) in direct response to the economic crisis. While this share may seem relatively small given the scale of the crisis, it's likely that many funders are responding in an equally critical way by seeking to maintain stable levels of giving – or minimize reductions in funding – for their grantees.



# e-newsletter

Over half of respondents are engaging in more non-grantmaking activities, with two-thirds of those foundations planning to pursue collaborations and partnerships in 2009 and about a third indicating that they will initiate more convenings. At least 20 percent of funders said they expect to engage in more foundation staff-led activities, provide more technical assistance, offer more bridge/emergency financing, or engage in more advocacy.

## Encroaching on Endowment

Many foundations this year expect to dip into their endowment capital to make grants. A number of legal advisors have issued public bulletins recently to help foundation boards assess their options for managing and encroaching on endowments in difficult times.

One such source of advice is *Charity Law Bulletin #161* from Carters. *Managing Endowments during Difficult Financial Times* by Terry Carter LLB, provides some general thoughts with regards to what can be done when a charity has insufficient income from an endowment fund to meet its disbursement quota under the *Income Tax Act*.

For PFC members, we note that over the past three months we have convened several discussions during which this topic has come up and we have presentations by two legal advisors posted now in the Members Area of the PFC web site. Please send us any questions you may be encountering and we will do our best to address them.

The Canada Revenue Agency has recently posted some **questions and answers** related to the treatment of ten-year gifts, encroachment, and the disbursement quota in 2009. CRA has also issued a **policy clarification on administrative relief** from the disbursement quota.

## INTERESTING READING

### On Market (Business) Approaches to Philanthropy

The entertaining, if somewhat artificial, argument over whether the “rich can save the world” had another lively run recently at the Hudson Institute in Washington. Matthew Bishop, author of *Philanthrocapitalism* and his leading critic Michael Edwards, author of *Just Another Emperor* debated the issue, joined by Dennis Whittle, former lead economist of the World Bank and founder of GlobalGiving, an online giving marketplace.

Bishop and Edwards both wrote their books before the global financial crisis began last fall. They take account of the changed context in their remarks during this animated conversation, while not changing their convictions. Bishop believes that the current crisis is a great opportunity for wealth creators and successful entrepreneurs to bring their money, their brains and their connections to bear in solving big problems along with government.



Edwards argues that in the world of complex social and political problems, solutions cannot be produced, packaged and sold, they must be fought for, struggled over and negotiated. In his view, business philanthropists are not prepared to invest in the challenges of institution building, the deepening of democracy and the development of a more socially just form of market economy. Whittle offers his own story of the creation of GlobalGiving in 2000 as an example of how changes in technology and society are just beginning to unleash the possibility of a coming revolution for philanthropy and international development.

The 31-page **transcript** of this debate is freely available and is a stimulating reflection on different approaches to philanthropy's role in society.

## On Knowing What is Effective

The current resource crisis in the philanthropic sector is provoking an accelerated interest in measuring the effectiveness of philanthropic investment. This is not a new topic. Grantmakers have been wondering for years about how to know which charities are the most effective recipients of their resources. There has been little agreement over measures of effectiveness in the nonprofit world other than the basic financials.

In mid-April, the **Alliance for Effective Social Investing**, announced an international effort to identify promising new metrics of organizations' social impact. The Alliance represents over 25 leading U.S. and European social sector organizations, including GuideStar, Charity Navigator, BBB Wise Giving Alliance and Network for Good. These intermediaries often represent the main vehicles by which individual donors compare charitable organizations.

"Throughout the sector, it is almost universally agreed that financial measures alone do not lead to wise giving decisions or good nonprofit performance," said Jeff Mason, the Chair of the Alliance. "The Alliance is determined to support these and other intermediaries as they seek to improve their rating methodologies and evolve to better identify high-performing nonprofit organizations." Alliance member Paul Brest, president of the Hewlett Foundation, said, "This holds the promise of enabling donors to direct funds to high performing organizations, something especially needed at a time when charitable resources are tight."

The Alliance has a web site with many useful resources for social investors and funders. See in particular their **Guide To Effective Social Investing**, a challenging argument (and a tool) in favour of applying rigour to investments in social services organizations. From the introduction to the Guide: "The revenues supporting this (social) sector are fragmented, lack coherent rationality in their apportionment, and are more often than not transitory and unreliable. In short, the government programs, foundations, social investment funds, corporate funders, and individual donors who collectively support the social sector lack any shared standards for selecting the nonprofit organizations and programs they support, for the kinds of information they want from the recipients of their funds, and even for deciding whether anything of value is being accomplished with the resources they provide. This Guide is intended to provide a means for bringing greater rationality to the ways in which nonprofits are selected to receive funds, and for clarifying how to think about the measurable social value that they - and those who invest in them - can and should be held accountable for creating."



## PFC FAMILY NEWS AND EVENTS

**PFC 2009 Conference**, October 28-30, 2009, Calgary. Visit the [conference web site](#) for details on the conference program. Registration opens in May.

**CALLING ALL MEMBERS!** Please join us for **PFC's Annual General Meeting** in Toronto on **June 10, 2009 at 11:30 am** at Massey College, Devonshire Place. The AGM will be followed by lunch, featuring a talk by **Paul Waldie**, journalist with the Globe & Mail and author of the series *Giving Back*, about Canadian donors and their gifts.

Stay with us after the AGM for a 2-hour workshop on ***Role as a tool for leadership in challenging times***, with Jan Jaffe of Grantcraft, **2:00-4:00pm**. This workshop is based on Grantcraft's work in defining grantmaker roles. Grantmakers – seasoned or new and in executive, program officer or board positions – often find themselves in challenging situations with high stakes and no easy answers for how to be most effective.

### New in the member area of the PFC web site:

- **Summary Notes: April 21 PFC Member Open Forum**, moderated by Peter Warrian, PFC Chair.
- **Governance Policies: What Every Foundation Needs to Know**. Presentation materials, by Margaret Mason, Bull Housser & Tupper LLP, April 28, 2009.

### About Our Members

**The Max Bell Foundation** of Calgary is continuing in its efforts to promote more developed public policy capacity among Alberta charities. It recently announced a new session of its **Public Policy Training Institute**, which includes 12 days of professional development in six 2-day modules from October 2009 to April 2010. This is a program for individuals working in Alberta registered charities with a demonstrated interest and engagement in public policy. On completion of the program, participants will have enhanced their knowledge and skills required to develop, inform, and monitor public policy on issues relevant to their organizations.

The program's lead faculty for 2009-2010 is Jim Dinning former Deputy Minister and Cabinet Minister in the Alberta Government. Other faculty members include Nancy Reynolds, Roger Gibbins, Brenda Eaton, and Bob Wyatt.

Each of the 25 participants will receive one-on-one coaching during the program to provide personalized advice and support to develop a policy-ready position on a given issue by program end.



**The Neptis Foundation** in collaboration with the University of Toronto Cities Centre, is hosted a forum *Places to Shop and Places to Grow: Power Retail, Consumer Travel Behaviour and Urban Growth Management* in the Greater Toronto Area on May 13 in Toronto. The purpose of the forum is to bring together new research and expert practitioners' views on this important subject and so to generate discussion around future directions.

Lyle Shantz Hallman, founder of the **Lyle S. Hallman Foundation** of Kitchener received a posthumous recognition from the University of Waterloo to mark its 50th anniversary. He was named one of 50 recipients for the 50th Anniversary Alumni Award. This award was established to honour outstanding alumni for their commitment to the university.

## OTHER NEWS, EVENTS AND RESOURCES

### Recent Convenings of Interest

We recommend a visit to the web sites of some recent philanthropy conferences where you can peruse, hear (on video) and download some of the interesting presentations.

**Philanthropy New Zealand Conference March 27-28: *Passion, Pragmatism, Possibilities.*** Check out the plenary speeches by Bruce Bonyhady and Jennifer Gill on the response of foundations to the global downturn, and the session on evaluation with Luc Tayart de Borms and Jennifer Gill (former Chair of PNZ)

**Global Philanthropy Forum, Washington, April 22-24.** See Jane's Blog for a summary of these two days of discussion among foundations and social entrepreneurs about innovative solutions to five critical global problems that governments cannot solve alone: Poverty – including new poverty – at home and abroad, the climate crisis, access to healthcare, education for a globalized world, and averting state failure in the wake of conflict

**Council on Foundations Annual Conference, Atlanta, May 3-5,** covered extensively through blogs including the **Council's own** and the comprehensive and multi-contributor blog run by **Tactical Philanthropy.**

### Upcoming Events

- European Foundation Centre, *Fighting Poverty, Creating Opportunities*, May 14-16, Rome, Italy
- Canadian Environmental Grantmakers Network *Triple Play: Bringing Economy and Equity to Environmental Grantmaking*, Banff, Alberta, May 25 to 27.

## COMMENTS AND FEEDBACK

To subscribe or unsubscribe to this newsletter, or to send comments, send an email to **Liza Goulet**, Director, Research and Member Services.